

Attorney General Jennings announces \$86.3 million multistate settlement with mortgage servicer Nationstar

Case settles allegations of past violations affecting thousands of 'Mr. Cooper' customers

Attorney General Kathy Jennings announced Monday that Delaware has joined with 51 attorneys general and other federal and state agencies to reach an \$86.3 million settlement with Nationstar Mortgage. Nationstar is the country's fourth-largest mortgage servicer.

The consent judgment resolves allegations that Nationstar, which does business as "Mr. Cooper," violated consumer protection laws during its servicing of mortgage loans. The settlement provides restitution for a variety of harms that were identified in the investigation. Thousands of borrowers had problems when their loans were transferred to Nationstar, leading to foreclosure in some circumstances.

"We are holding Nationstar accountable for harming homeowners by improperly servicing their mortgage loans," said **Attorney General Jennings**. "The new servicing standards in this settlement will help ensure Nationstar does not repeat this conduct."

The consent judgment, filed in the U.S. District Court for the District of Columbia, provides approximately \$79.2 million in relief affecting 55,814 loans nationally. It covers conduct by Nationstar occurring from Jan. 1, 2011, until Dec. 31, 2017. In Delaware, the settlement affects 197 loans for a total of \$227,771.26.

The consent judgment also requires Nationstar to follow a detailed set of rules or “servicing standards” in how it handles certain mortgage loans. These servicing standards are more comprehensive than existing law and will be in place for three years starting on Jan. 1, 2021.

The state attorneys general negotiated the settlement with the state mortgage regulators and the federal Consumer Financial Protection Bureau, which filed separate settlement documents.

In 2012, Nationstar began purchasing mortgage servicing portfolios from competitors and grew quickly into the nation’s largest non-bank servicer. As loan data was transferred to Nationstar, borrowers who had sought assistance with payments and loan modifications sometimes fell through the cracks, the lawsuit alleged. Borrowers in this category will receive a guaranteed minimum payment of \$840 as part of the settlement.

Other borrowers suffered damages when Nationstar failed to oversee third-party vendors hired to inspect and maintain properties owned by delinquent borrowers and improperly changed locks on their homes, the lawsuit alleged. These borrowers will receive a guaranteed minimum payment of \$250.

A settlement administrator will send a claim form to eligible borrowers in 2021. Nationstar has already provided some of the relief outlined in the settlement.

The agreement also requires Nationstar to conduct audits and provide audit results to a committee of states to ensure compliance with the settlement.

The lawsuit alleged other unlawful acts and practices by Nationstar, including:

- failing to properly oversee and implement the transfer of mortgage loans;
- failing to appropriately identify loans with pending

loan modification applications when a loan was being transferred to Nationstar for servicing;

- failing to timely and accurately apply payments made by certain borrowers;
- threatening foreclosure and conveying conflicting messages to certain borrowers engaged in loss mitigation;
- failing to properly process borrowers' applications for loan modifications;
- failing to properly review and respond to borrower complaints;
- failing to make timely escrow disbursements, including the failure to timely remit property tax payments;
- failing to timely terminate borrowers' private mortgage insurance;
- collecting monthly modified payment amounts on certain loans where the amounts charged for principal and interest exceed the principal and interest amount contained in the trial plan agreement.